



MULTISTATE TAX COMMISSION

**To: Members, Executive Committee**

**From: Frank Hales, Audit Committee Chair**  
**Lee Baerlocher, Vice Chair**

**Date: April 15, 2019**

**Subject: Report of the Audit Committee**

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The audit committee met on July 23, 2018, in Boston, Massachusetts. This was the first meeting of the committee in fiscal year 2019. There were 54 members, guests, and staff present during the public session and 50 members and staff present during the closed session of the meeting. There were two members of the public present during the public session and there were 42 individuals representing 20 audit program states present during the closed session of the meeting.

The audit committee also met on November 6, 2018, in Orlando, Florida. There were 61 members, guests, and staff present during the public session and 59 members and staff present during the closed session of the meeting. There were no members of the public present during the public session and there were 46 individuals representing 22 audit program states present during the closed session of the meeting.

During both meetings the audit committee reviewed the status of all the audits in progress. A discussion was held on several income tax and sales tax audits that had significant issues.

During the meeting in Boston, Bruce Fort, MTC staff attorney, gave a presentation on recent happenings in the state and local tax area. We also discussed the Commission's use of subpoenas. Although a last resort of action, taxpayers need to know upfront (at the beginning of an audit) that we will use them should they fail to respond to our IDRs.

During the meeting in Orlando, Bruce Fort and Chris Barber, MTC staff attorneys, gave a presentation on recent activity in the state and local tax area and unique audit issues. The committee reviewed and approved closure of a sales tax audit under the guidelines of the committee's early closure policy. The committee also reviewed and approved adding eight new corporate income tax audits into MTC's audit inventory.

As is customary, the audit committee ended both meetings with a round table discussion regarding audit leads and issues that individual states are experiencing.

The next meeting of the audit committee will be held during the MTC annual meeting in Boise, Idaho, August 5th through August 8th.